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## European Union

### Trade Policy Monitoring

## Geographical Indications: An Overview of the Arguments Surrounding Protections

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**Report Highlights:**

The European Union and some developing nations are pushing for the extension of protections for GIs beyond the realm of wines and spirits to cover foodstuffs. They are seeking an international registration and protection system, as well as the removal of generic terms for various products. Outside of the current wines and spirits negotiations, the EU is pursuing these actions through TRIPS and Agriculture Committees in the WTO. The United States as well as a variety of other countries maintain that they are in compliance with Doha mandates and insist that they provide sufficient protections for Geographical Indications.

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## Definition and Historical Background

### What is a Geographical Indication or GI?

The current usage of the term Geographical Indication is defined under the Trade-Related Aspects of Intellectual Property Rights or "TRIPS" agreement, as "indications which identify a good where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin." The TRIPS agreement, which came into effect for the U.S. as of January 1, 1996 and developing nations as of January 1, 2000, requires that WTO members provide the legal means for interested parties to prevent the use of any GI that misleads the public to the true geographical origin of the goods. The TRIPS Agreement also mandates that members must allow for a means for interested parties to address acts of unfair competition.

Recently, European Member States, joined by some developing nations in Asia and Africa are intent on broadening the scope of GI protection. Those opposing expansion of GI protection include the United States among a variety of countries in North and South America, as well as Australia and New Zealand, leading this to be known as an "old world" vs. "new world" debate.

Under TRIPS, there is a minimum level of protection that must be recognized by WTO members. There are, however, exceptions with regard to generic names and existing trademarks. In the United States, terms such as champagne and chablis are generic terms that describe styles of wine. For example, when someone is invited to a "champagne brunch," they do not arrive with the expectation of a wine tasting of wines from France. Rather, they expect a brunch meal with champagne (effervescent wine) to drink.

These as well as other generics currently fall into the exemptions category. Existing trademarks are also exempted under TRIPS. A trademark stands superior to a GI if it had been registered at least ten years before the TRIPS agreement had taken effect or before the GI was protected in its country of origin. (See Appendix for full text version of TRIPS legislation) Further, owners of registered trademarks are entitled, under the TRIPS Agreement, to exclusivity - - meaning they are entitled to stop others from using any sign that is the same as or similar to the registered trademark.

### History of debate over GIs

This issue gained considerable attention recently, but there has been a long history of conflict over GIs. In 1958, at the Lisbon Conference for the Revision of the Paris Convention, the U.S. did not vote to include language regarding unfair competition on Indications of Geographical Origin or IGO's. The passage was defeated by one vote. GIs again made an appearance in 1974 when a World Intellectual Property Organization (WIPO) Committee of Experts put together a draft treaty on international GIs, later to become a Model Law adopted by developing countries. WIPO attempted to revive discussion on this subject in the early 90's. WIPO's Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications has, since 2000, tried to have meaningful intellectual-property discussions on the topic. However, due almost entirely to obstructionist tactics by the EU (including "deposing" the Chair of the Committee and arguing that the subject cannot be discussed unless all of their experts are present), the Standing Committee has not been successful in pursuing a purely IP discussion of the subject.

The EU's decision to treat GIs strictly as a matter of trade, rather than as an intellectual property matter, accounts for the EU's current tactics in the WTO, which is pressing for the expansion of GI protection in both the TRIPS and Agriculture Committees in the WTO.

## Summary of EU's Goals and Methods for GIs Expansion

The EU and some developing nations are pushing to give their GIs supernatural protection, without regard to existing intellectual-property principles of territoriality, priority, or exclusivity.

First, they propose to have international recognition move beyond the realm of wines and spirits and into foodstuffs.

Second, they are advocating an international registration system where all participating WTO members would be required to submit their GIs<sup>1</sup>. Once the list of GIs were compiled and disseminated among the proper authorities, according to the EU proposal, the list would be published. At this point, WTO members would have an 18-month period to examine, accept or challenge the registrations. In the case of disputed notifications, Members would be required to engage in bilateral negotiations aimed at resolving the dispute. After a certain negotiating period, the WTO's dispute settlement mechanism would take over and a dispute-settlement panel or appellate body would make the final decision.

Third, advocates are pushing for the restriction of terms that are in some cases deemed generic, for wines and spirits as well as foodstuffs.

The EU hopes to accomplish these goals by two methods. They are pursuing, through agriculture negotiations, an established list of around 35 items that would be superior to WTO members' own trademarks or any common usage of the listed terms. This is considered a "rollback" strategy that would permanently prohibit the use of select terms by third countries after a given phase out period. The EU is also pursuing negotiations for extension on GIs through the TRIPS Council. This would involve amending TRIPS legislation and expanding it beyond its current scope of power. Separate negotiations within the wines and spirits industries are also in progress. These are not covered in this document.

It should be noted that the EU's agriculture proposals, both with the list and on "extension" or "expansion," are beyond the negotiation mandate from Doha. In other words, the EU is insisting that they be given legitimacy as negotiating agenda items.

## EU's Efforts to "rollback" GIs Through Agriculture Negotiations

On July 21, 2003, the European Commission released its preliminary list of 35 items for which it will seek worldwide protection as proprietary GI terms. The EU's formal declaration for this protection will likely be raised at the September 2003 WTO summit in Cancun, Mexico. Should the list, or even the concept of working with a list, be accepted by WTO members, product owners around the world would be prohibited from using their own

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<sup>1</sup> Failure to participate would mean two things: no possibility of having GIs protected and no possibility of objecting to notified GIs. The obvious mandatory nature of the EU's proposal has protest from Argentina, Australia, Brazil, Canada, Chile, Chinese Taipei, Columbia, Costa Rica, Djibouti, Hong Kong SAR, Japan, Malaysia, New Zealand, the Philippines, the United States, and Uruguay.

registered brands and trademarks, creating a significant problem for countries that have already issued legally binding protections.

This issue, originally an intellectual property dispute, may find its way into negotiations on U.S. agriculture and food exports. The implications for agriculture are two-fold: existing trademarks (e.g., "THE CHAMPAGNE OF BEERS") could be jeopardized, while the right to use common food terms are not used by domestic producers, thus raising both practical and political issues. (Practical: Who has the resources to check all product packaging? Political: What will be the impact on the Administration when small cheese producers are told by Feds that they can no longer call their product "asiago" or "parmesan.") The following is a list of items reported in the press that may be put up for consideration for protection in the Doha Round.

### Wines and Spirits

Bordeaux	Graves	Moselle
Bourgogne	Malaga	Porto
Chablis	Marsala	Rhin
Champagne	Madeira	Rioja
Chianti	Medoc	Sauternes
Cognac		Sherry

Grappa (di Barolo, del Piemonte, di Lombardia, del Trentino, del Friuli, del Veneto, dell'Alto Adige)

### Other Products

Asiago	Neufchatel
Fontina	Parmiggiano Reggiano
Gorgonzola	Pecorinow Romano
Grana Padano	Prosciutto di San Danielle
Jambon de Bayonne	Reblochon
Manchego	Roquefort
Mozzarella di Bufala Campagna	

## Advocates and Opponents for Expanding TRIPS Protections on GIs

### Who is in favor of extending protection for GIs?

For the most part, the European Union and Switzerland have been the most vocal advocates for extension of the "wines and spirits" provisions of TRIPS to other products, but countries such as Bulgaria, the Czech Republic, Hungary, Romania, Slovenia, Slovakia and Moldova are taking interest as well. Developing countries such as India, Mauritius, Sri Lanka, Cuba, Nigeria, Thailand, Kenya and Pakistan are also supporting the EU's stance on extension.

The EU's demand for "extension" strikes some WTO Members as disingenuous since it was the most vocally backed by France, which insisted upon differential treatment for wines and spirits in order to conclude the Uruguay Round. Further, since it is not possible for foreigners

to obtain GI protection in the EU absent bilateral agreements between their governments and the EU, many question whether the EU's proposal is not merely self-interested advocacy for enhanced protection for EU GIs.

Europeans have proposed an approach that will give them worldwide exclusive rights to terms, which they believe, represent a valuable marketing premium, particularly with regard to wines and spirits. Champagne, bordeaux and Cognac are a just a few of the terms that the EU is striving to protect with its unilateral demand list.

### **Who is opposed to expanding TRIPS protection for GIs?**

The United States, as well as Canada, Argentina, Uruguay, Australia, New Zealand and a variety of developing nations, mostly in Latin America, are opposed to expansion of protection under TRIPS. The U.S. is not opposed to protecting GIs. Protection for GIs is an obligation of the TRIPS Agreement. Moreover, there exist many American GIs including "Idaho" for potatoes, "Florida" for oranges, "Washington State" for apples and "Napa" wine for which the GI owners would like recognition and protection in foreign markets, including the EU.

The problem arises in that the U.S. and other nations assert that they have complied with the TRIPS agreement to provide a legal means to protect GIs by use of their trademark systems. The U.S. offers protection for GIs via its "certification mark" system. Under the United States system for protection of GIs countries such as France, India, Italy, Switzerland and the UK have registered respectively Roquefort cheese, Darjeeling tea, Parma ham, Swiss chocolate and Stilton cheese. This has led to a point of contention for the U.S., whose GIs are not granted protection under the European Union's registration and enforcement system for GIs.

### **Why are some countries in favor of expanding protection for GIs?**

Proponents for the extension of GIs protection argue that the current mechanisms of protection, that being each country's trademark systems, are insufficient to meet the standards of coverage that they envision. They suggest it is of extreme importance for GI holders to protect their product's reputation and because they possess the unique expertise for producing their goods, they are seeking measures that limit the chances of their reputation being sullied by inferior products by the same name. They also believe that it is unfair for other nations to capitalize on the hard work and success of GI holders who have culminated over many years a successful product. They argue that their expertise has built the reputation of the product and as such they should be the only ones to benefit from its status.

There is also the argument that GIs benefit the consumer. Advocates argue that the current system of labeling leads to consumer confusion. First, they state it is misleading to consumers because it gives false impressions of where the product originated. Second, they say that consumer choice is enhanced by GI protection because consumers will more easily be able to identify the product they are intending to buy. Third, proponents claim that consumers will benefit because quality and safety standards are higher in countries and regions of origin.

Proponents argue that this will be beneficial to producers by allowing them to open new third country markets that were once limited because of rival producers selling products under the same description. In Canada, ham from the Parma region of Italy may be sold, but producers from Parma are not allowed to use the geographical indication. They must label their product "No. 1 ham" instead. For some proponents, the idea behind expansion, they

stress, is to protect certain regions of Europe and developing countries' products from exploitation. Examples of these in developing countries would be the coffee and tea trade. There is also the worry that even more products will become known as "generic" if action is not taken to stop the use of their GI.

The EU's vigorous pursuit of expanded recognition and protection of GIs is also a function of the political dynamics surrounding internal reform of the CAP and the EU's negotiating strategy in the World Trade Organization agriculture talks. It is clear that certain Member States believe that, with the prospect of declines in direct support due to CAP reform, the "value" of GIs as a marketing tool will become increasingly important as they seek to remain globally competitive. In addition, the European Commission is clearly anxious to negotiate new and more aggressive GI disciplines in the World Trade Organization in order to maintain the support of Member States (particularly those in southern Europe) for the EU's broader negotiating objectives in the Doha Development Agenda.

GI proponents assess that the cost incurred to register and enforce GIs through individual country's trademark systems are far too heavy a burden for regional producers and developing countries to handle. For this reason, proponents are pushing to achieve an international registration and regulatory system funded by each country to carry out enforcement rather than letting the responsibility fall to the GI holders. This is also subject to debate among proponents for extension. Some EC officials say that they are content with allowing the policing of violations to fall within the responsibility of the GI holder, as is the practice under most trademark systems.

### **Why are some countries opposed to expanding protection for GIs?**

The opposition to extension of GI coverage list concern for the consumer, cost burden and unfairness to producers as support for their argument.

Consumer confusion is a major concern of opponents for GI expansion. They believe that if labeling is changed, shoppers will no longer be able to recognize once familiar products. A new system of labeling and naming of products would only result in a confused public, as GI expansion advocates are pursuing a system that would not allow producers to use words such as "kind," "like," "style" or in any way indicate to consumers that the products they are purchasing are similar to the ones which they are familiar.

Those against extension under TRIPS point out that expanding GI protection would create a tremendous economic burden. First, there would be a significant cost to the producer who would shoulder the responsibility of not only repackaging and labeling their products in such a way that does not violate the registered GI, but there would also be the expense of marketing and promoting a product with an entirely new name. Second, their increased expenditure would be passed on in higher costs to consumers. Third, a regulatory system would be required by each country to monitor and enforce GIs, thus contributing to a sizeable burden to tax payers. This would pose a considerable problem for developing nations and countries already challenged with troubled economies. Joining the United States in the effort to limit expansion of a burdensome bureaucracy are Argentina, Columbia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Namibia and the Philippines.

Opponents to GI expansion argue that not only are there already a trademark systems in place to deal with the protection of GIs but that a new system of registration would conflict with the ones that are currently established. There would be a considerable problem if an international system were implemented that is supreme to the U.S. trademark registration.

What would become of owners who already hold legal title to a given GI? How would they be compensated for the loss of their protected trademark?

Opponents also argue that producers and manufacturers would be unfairly punished by this expansion. Advocates for GI expansion have argued that it is unfair for producers who are not from particular geographic locations to benefit from the name and reputation of their products, but a similar argument could be made for many companies who have obtained their trademark and established over the years a favorable reputation for their product. Opponents argue that it would be unfair to ask them to give up the rights to a name that their hard work and expenditures have built. The case for Budweiser, a trademark of Anheuser-Busch since 1876, might now be subject for this type of scenario. "Budweiser Budvar, Czech Premium Lager," a European beer company bearing the same name as the American brewers, is pushing for Anheuser-Busch to dispense with use of Budweiser or Bud on their labeling. The Czech Republic, where this violation is being claimed, is home to the town Ceske Budejovice or Budweis in its Germanic form. Along the same lines, there are many products such as Parmesan cheese that have benefited from advertising and promotion done by companies such as Kraft, not located in the Parma region of Italy. Never the less, the producers of that product benefit from the promotion of Parmesan, a word many believe to be a generic term for grated cheese.

There is also concern among the opposition that this action will limit trade and commerce by creating unnecessary and illogical rules that lend themselves to protectionist behavior. Cases have already presented themselves that foster this worry. In Italy, an association of Parma ham producers took a British supermarket chain to court, claiming that the grocers had been slicing and packaging Parma ham outside of the Parma region, thus damaging the ham's characteristics. A similar complaint was filed by Grana Padano cheese makers whose product was being produced in Italy but grated in France. The European Court of Justice ruled that slicing and packaging ham, as well as grating cheese outside of the region does affect the quality of the product, in turn limiting these processes to the areas that the products are produced. The opposition argues that the ruling is unjustified and producers are simply exhibiting protectionist behavior.

Similarly, a dispute over feta cheese has pitted EU member states Greece and Denmark against one another in a trade battle since 1994, when Greece first filed to have "feta" registered as a protected GI. In 1999, Denmark won a EU court case prohibiting Greece from having exclusive rights to the feta name. The EU later introduced legislation that reestablished Greece as the rightful bearer of the GI. Denmark has since sued the European Commission to have the legislation overturned. It is important to note that the word "feta" does not pertain to a town or even a region in Greece, but rather a term used to indicate the process used by cheese producers. Although it is true that the process of making feta varies from country to country, this case leads many GI expansion opponents to wonder if this is just a matter of protectionism.

The EU has put forth considerable effort to expand protections for GIs on a global level, but the opposition is hesitant to move to a system that is in their view not fully successful in Europe. Opponents argue that the "Parma ham slicing" and "feta cheese" disputes are examples of what is to come if expansion moves forward. Critics urge leaders to proceed cautiously, lest they find themselves in situations such as these. Even some European consumer advocacy groups have deemed GIs expansion to be counterproductive for shoppers, even noting that geographical origin is a poor indication of food quality.

### **What do proponents for extending GI protections want?**

Proponents for expansion of the GI system envisage an international registration and protection system that is sponsored and funded by individual WTO member states. They are pushing to strengthen the protection on wines and spirits and move forward into foodstuffs. Coverage of these products is currently top priority, but there are intentions to further expand GI production into the textile industry. Turkish carpets, Chinese art paper and Indian saris are few examples of these.

The idea is to produce a system on an international scale similar to the one that currently exists in the European Union. Council Regulation No 2081/92 was implemented in 1992 and is specifically related to agriculture products and foodstuffs. Currently there are around 600 registered GIs and designations of origin on the EU level, in addition to approximately 3000 GIs for wine and some 400 spirits.

### **What do opponents of extending protections for GIs want?**

The U.S. is a strong advocate for and provider of effective protection for geographical indications. Further, the United States recognizes the importance of protecting intellectual property that is distinctive to particular regions. After all, the U.S. has many GIs of its own. The dispute exists as to implementation and enforcement of extension, which the opposition claims would be costly and burdensome, particularly to developing countries.

The U.S. as well as some other nations prefer a voluntary system, in which participating countries submit a list to the WTO of GIs that they want protected. Once a list is established, individual members would uphold TRIPS obligations by using their own systems for intellectual property protection. Under the U.S. proposal, individual GI holders would be required to monitor violations and bring forth claims of improper use as it is done in the trademark system. Under the current U.S. trademark system, TRIPS protections are already being granted as "certification marks," to products such as Stilton and Roquefort cheeses, as well as Parma ham. In the case for Roquefort, the French did defend their trademark through legal channels and enforced the right to label their product as such, while all competitors must refer to their like products as "blue cheese."

## **The European System for GI Registration and Protection**

### **Types of GIs**

**Protected Designation of Origin (PDO)** - This is a term used to describe food items that are produced, processed and prepared in a particular geographical location using knowledge privy to the people of that location.

**Protected Geographical Indication (PGI)** – If a product is to be designated a PGI it, must be produced, processed or prepared in a specific geographic region. The difference between this indication and a PDO is that the PGI certification only requires one of the three aforementioned characteristics in order to be registered.

**Traditional Specialty Guaranteed (TSG)** – This indicator refers not to origin, but of traditional characteristics by which the product is produced or composed.

## Registration

In order for a PGI or PDO to be registered in the European system, an application must be filed with the member state from which the product originated. Typically groups of producers send in applications but individuals are also eligible to apply. Once the member state is satisfied that the product meets sufficient criteria for registration, it is then passed on to the European Commission and other member states. After examination by the EC, the product is then published in the Official Journal of the European Communities. There is a three-month period for objections to be heard. If no objections are filed, the product is registered with the Commission as a GI. After registration, a GI may still be subject to examination if an accusation is made that a producer or processor is failing to meet the required criteria. If the Commission rules that there has been a failure to meet proper standards, the GI may be suspended or withdrawn.

## Enforcement

The European Union does not itself have an institution established to monitor and enforce the protection of GIs in each member state. The EU depends on each country to protect GIs within their own borders. It is difficult to illustrate a model of enforcement because each country's system is set up differently. There is however a general framework that most member states tend to follow. There are two types of GI violations that can occur, one is of international misuse, the other regional. The enforcement of the two violations is generally handled in separate ways.

Most international GI violations are detected at the federal level. Government agencies associated with distribution and labeling, not specific policing agencies for GIs usually find them. If they are not detected at this level then it is usually a producer of a protected GI or an association affiliated with that producer that discovers the violation, at which point a charge will be brought before the authorities of the country in which the infraction has occurred. The authorities once notified should then proceed to stop the use of that GI by their own guidelines of enforcement. If there is a discrepancy and the violator continues to use the GI, the matter could move into the legal realm to be settled by the courts. Once a case is decided upon, it is up to each country to enforce the courts decision. If a country refuses to comply with the decision, the EC will analyze the violation and issue a letter of complaint if they believe the country is derelict in enforcing an established GI. If the host country of the violator still refuses to comply, then the EC may issue sanctions.

If a violation occurs within a region, usually protection and enforcement occurs on this level. Most countries have consortiums set up that are responsible for monitoring GIs. The scope and depth of their power depends on each country. Some consortiums are government agencies, while others are private, or a mixture of the two. These groups are generally more hands on when it comes to monitoring and investigating GIs. In fact, often times these consortiums have inspectors who go on site or in the fields to make sure producers are adhering to the standards of production set forth to label their product as a particular GI. If an infraction occurs, then two courses of action could be taken, depending on the country's framework of enforcement. The violator could be subject to sanctions from within the body of that consortium but only if the violator is a member of that group. This scenario could be likened to a lawyer being reprimanded by a bar association. If a violator is not a member of the consortium, the case will be brought to the authorities within that country to settle the dispute. This similar action may occur if the consortium lacks the authority itself to issue reprimands to its own members.

## **Disagreement over reciprocity regarding GIs between the U.S. and EU**

The debate over reciprocity is growing more intense as the EU pushes to further extend registration and enforcement of GIs under TRIPS. The EU does not allow for the registration of foreign GIs in its own system established under EC Regulation 2081/92. The U.S., as well as other WTO members claim that this is a violation of "national treatment" and "most-favored-nation" obligations established under Articles I and III of the GATT and Articles 3 and 4 of TRIPS. According to the GATT, if a member state grants any advantage, favor or privilege to like products of one country, they must grant them immediately and unfavorably to all.

Under the European system, GIs from EU member states are monitored and protected but GIs from countries that do not belong to the EU are not. The EU plans to continue this policy until what they see as equal protection is granted for their GIs. Their idea of reciprocity or equal protection for their products they argue would be fulfilled if demands for the extension of TRIPS protection and enforcement of GIs were met. Critics claim this as a violation of the GATT.

## **Registration of Geographical Indications as Intellectual Property in the United States**

### **The U.S. Trademark System and the use of "Certification Marks" to register Geographical Indications**

In the U.S. trademark system GIs can be registered as "certification marks." For all practical purposes, GIs as described in the European system and certification marks under the U.S. trademark system aim to achieve the same goals. Their purposes are to identify the products origin and confirm the quality associated with that origin.

A certification mark may be registered for names, words, symbols or devices used by an owner to identify goods (or services), which the owner guarantees have been tested and meet certain quality standards. This GI registration may indicate where a good is produced, what the good is made of, how it is made or other characteristics that denote quality and accuracy. A certification mark may also serve to assure the public that only a select group or organization produces those goods. Roquefort cheese from France is an example of a GI product protected under this type of system.

In order for a GI to receive a certification registration, the prospective GI holder must have it registered with the U.S. Patent and Trademark Office (USPTO). USPTO will determine whether or not the GI is eligible for registration. The Trademark Trial and Appeal Board (TTAB) take all available facts in to consideration, not just information that is provided by the applicant. Those petitioning for acceptance must demonstrate that the GI meets the criteria for certification. If it is found that the prospective GI is a generic term, then registration will be denied.

Federal, state and city governments are among those who usually request certification marks. It is rare for a private individual to try to register a geographical indication as certification mark. However, if they do, USPTO takes several factors into account in deciding whether or not to certify a geographical term. Their first concern is to make sure

that all persons in a given region who have the right to use a certification mark are not excluded from its use. Their second concern is regarding the use and misuse of the certification mark by those without authorization. Once all the facts are considered, USPTO rules whether or not an individual may possess the sole right to the certification mark. At any given time during this process, opposition may protest the registration. Once the GI is registered those opposed may still petition for cancellation.

It is not necessary, in the United States, to have a GI registration in order to have GI protection. For example, the Trademark Trial and Appeal Board held "Cognac" to be a common-law GI for brandy. This holding prevented the registration of a proposed trademark, "Canadian Mist and Cognac," which was a spirit containing Cognac.

### **U.S. protection of GIs under TRIPS and EU plans for expansion**

The current debate over GIs stems from disagreement on protection issues granted under TRIPS. The United States as well as a number of other countries continues to support a voluntary system of GI registration where each member maintains the use of their own trademark system for legally registering and enforcing the protection of GIs. The EU maintains that it is content for now with implementing GIs under the current trademark system, however they are pushing for their products to be labeled as geographical indications, not with certification marks. They claim that sufficient protection of their products is not being met and are in favor of WTO member countries setting up systems that would enforce GIs to the level of EU standards.

There are three main goals that proponents for GI expansion are voicing. Among proponents there are a variety of ideas and opinions as to how far expansion under TRIPS should precede. Within these debates there is the obstacle of feasibility that has quelled the enthusiasm of some advocates for far reaching extension. This is an area where some advocates for expansion have stated that there should be more protection for GIs, going as far as to suggest dispensing with the "exceptions" under Article 24. There are those though who in the spirit of moving forward, have put "grand fathered" GIs on the back burner as a possible discussion for a later date. So those seeking protection for all wines and spirits, even those that have been trademarked or deemed generic, may concede to Article 24 until their first goals are met. Second, the EU is seeking registration and protection extended to all foodstuffs, not just wines and spirits. Third, proponents are concerned that GI holders should not be burdened with the economic responsibility of registering their products in each country, nor should they be responsible for monitoring GI violations once it is registered. This again is debated among proponents for expansion. While there are some groups pushing the issue of monitoring, EC officials claim that for now, they are content with current systems that are monitored by the GI holder but enforced by the law just as is a registered trademark.

## **EU proposal for implementing and enforcing GIs in the United States**

The European Union is encouraging the U.S. to look at implementing their vision of TRIPS extension via the Lanham Act, which they see as a solution to the ongoing debate over GIs. The Lanham Act, found in Title 15 of the U.S. Code, contains the federal statutes that govern American trademark law. Extension envisaged by the EU would apply to all items registered as geographical indications. However, the EU may consider accepting the use of terms deemed generic in the U.S., as well as those registered in good faith as trademarks, as

specified in Article 24 of TRIPS. This includes the generic terms for wines and spirits, as long as they were registered ten years before TRIPS was enacted.

The EU is suggesting that the U.S. forge new legislation that can be introduced into the Lanham Act or at least consider modifying legislation that will either be slight changes to the TRIPS agreement relating to GIs or to the Lanham Act itself. The first would be a modification of Article 23.1 of the TRIPS agreement that prohibits the use of expressions such as "kind," "type," "style," "imitation," or the like for all products, not just wines and spirits.

The second modification would be to Article 23.2 of TRIPS regarding the prohibition of registering trademarks that contain a geographical indication. The current article pertains to the use of wines and spirits, but the EU envisions an additional paragraph being added that includes goods other than wines and spirits.

In order to achieve the current goals of extension, the EU is not pushing for an immediate special system for GI registration. As for now, the EU is content with the U.S. and other WTO member states using their own trademark and justice systems to provide registration and protection for GIs. In the system they advocate, GI holders would go through each WTO member state's own process of registration to have their GIs protected. If the GI is introduced and not opposed over an 18-month period, proponents argue that the GI should be entitled to protection under the law.

The EU envisions the U.S. participating in an international multilateral registration system, which they assess, could be regulated by a governing body such as the USPTO, a system similar to what is in place now, but giving full protection to GIs, not just trademarks. The EU stresses this could be done with limited administrative resources, with applications for GIs not exceeding two pages in length. The EU is even willing to look into establishing yearly quotas for applications and the possibility of charging fees to compensate for the additional administrative costs associated with examination. For this type of registration system, they envision the addition of language to the Lanham Act that would apply officially to GIs as it does to registered marks.

## Appendix

### TRIPS Agreement Relating to GIs

#### Article 22

##### *Protection of Geographical Indications*

1. Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;

(b) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (1967).

3. A Member shall, *ex officio* if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.

4. The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.

#### Article 23

##### *Additional Protection for Geographical Indications for Wines and Spirits*

1. Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like. (4)

2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, *ex officio* if a Member's

legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.

3. In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.

4. In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.

#### **Article 24**

##### *International Negotiations; Exceptions*

1. Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. The provisions of paragraphs 4 through 8 below shall not be used by a Member to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such negotiations, Members shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.

2. The Council for TRIPS shall keep under review the application of the provisions of this Section; the first such review shall take place within two years of the entry into force of the WTO Agreement. Any matter affecting the compliance with the obligations under these provisions may be drawn to the attention of the Council, which, at the request of a Member, shall consult with any Member or Members in respect of such matter in respect of which it has not been possible to find a satisfactory solution through bilateral or plurilateral consultations between the Members concerned. The Council shall take such action as may be agreed to facilitate the operation and further the objectives of this Section.

3. In implementing this Section, a Member shall not diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.

4. Nothing in this Section shall require a Member to prevent continued and similar use of a particular geographical indication of another Member identifying wines or spirits in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 or (b) in good faith preceding that date.

5. Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

(a) before the date of application of these provisions in that Member as defined in Part VI;  
or

(b) before the geographical indication is protected in its country of origin;

measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

6. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.

7. A Member may provide that any request made under this Section in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected indication has become generally known in that Member or after the date of registration of the trademark in that Member provided that the trademark has been published by that date, if such date is earlier than the date on which the adverse use became generally known in that Member, provided that the geographical indication is not used or registered in bad faith.

8. The provisions of this Section shall in no way prejudice the right of any person to use, in the course of trade, that person's name or the name of that person's predecessor in business, except where such name is used in such a manner as to mislead the public.

9. There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.

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**Other Useful Websites:**

Office of the United States Trade Representative  
<http://www.ustr.gov/>

United States Patent and Trademark Office  
<http://www.uspto.gov/>

Full text version of TRIPS agreement:  
[http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm3b\\_e.htm#3](http://www.wto.org/english/tratop_e/trips_e/t_agm3b_e.htm#3)

GI protection in the European Union:  
<http://europa.eu.int/scadplus/leg/en/lvb/l21097.htm>

**Related reports from USEU Brussels:**

Report Number	Title	Date Released
E23108	EU ruling on geographical indicators	6/17/03